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PROJECT NO. 52373

**REVIEW OF WHOLESALE ELECTRIC § PUBLIC UTILITY COMMISSION
MARKET DESIGN § OF TEXAS**

COMMENTS OF PUBLIC CITIZEN

COMES NOW Public Citizen and files these Comments in response to the Commission's Questions for Comment filed in this proceeding on September 9, 2021.

Public Citizen approaches these questions as a consumer rights advocacy organization. We are pleased to see the Commission focusing on demand response as a resource.

Demand response, as well as other distributed energy resources, is a key solution for ensuring reliable and affordable electric supply. Demand response can be used to put control and financial opportunity, as well as shared responsibility for reliability, in the hands of customers.

Distributed energy resources, including demand response, can improve reliability by providing redundancy at a more affordable price. Building redundancy into a system of solely large-scale power production is costly, with power plants costing billions of dollars. In contrast, demand response tools are affordable and failure of any one demand response resource is much less problematic than the failure of a major power generator.

Suggestions for Improving Utilization of Demand Response:

1. **Establish Robust Demand Response Goals for Utilities:** We support setting an initial goal of meeting 10% of projected load through demand response. A thorough study of the potential resource, along with cost benefit analysis should guide future goal setting.
2. **Set Appropriate Requirements:** Demand response can lighten the load on generators, but it is a different resource than generation. Different and appropriate rules should be developed for demand response participants. Defaulting to apply all the rules that apply to generators will continue shutting out this valuable resource.
3. **Establish Rules that Encourage Customers of All Size and Type to Participate:** Demand response offers great opportunity to compliment generation in improving grid reliability. As the largest share of the market, residential and small commercial customers should have demand response programs designed for them. These customers have different needs and abilities to respond than the large industrial loads that have traditionally be targeted for demand response programs.
4. **Prioritize Customer Choice and Control:** Residential and small commercial customers need to be able to opt out of participation in any given demand response event. Even if customers generally don't choose to opt out in practice, having the option will give them security and increase overall program participation.
5. **Set Compensation at an Appropriate Level:** Customers must be compensated for each demand response event they participate in. Compensation must be sufficient to offset any inconvenience or discomfort. All avoided costs, including ancillary services, should be accounted for when establishing compensation levels for demand response participants.

6. **Encourage Demand Response Aggregation:** Residential and small commercial customers require third party services to facilitate their participation in demand response markets. Third party aggregation allows for professionals to engage with the complex energy market. Aggregation smooths out any changing or irregular behavior by any one participant. Third party providers will market demand response programs to customers who would otherwise be unaware of them.
7. **Allow Realtime Access to Advanced Meter Data:** Realtime energy usage data is an essential tool for demand response participants and demand response aggregators. While data privacy is important, allowing customers to access their data and decide who to share access with is reasonable. Easily accessible systems and processes should be established to facilitate this data sharing with third parties.
8. **Increase the Emergency Response Service Budget:** The \$50 million cap currently in place is too low. The commission should allow for greater spending on load management, including aggregated residential and small commercial loads.

These general recommendations represent what we believe should be priorities for the Commission as this work progresses. We encourage the Commission to examine the filings under Project 41061 and look to third party demand response aggregators for specific market design suggestions.

Respectfully submitted,

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